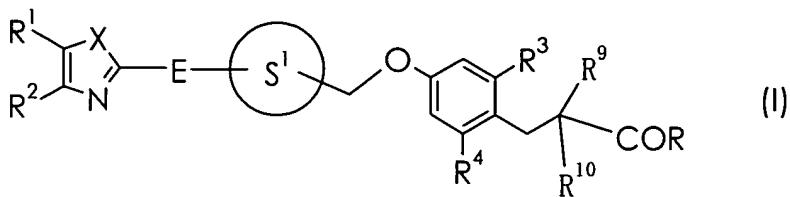


Amendments to the Claims

1. (Original) A compound represented by the formula (I)



wherein X is S or O,

R¹ and R² are the same or different and each is a hydrogen atom, an optionally substituted C₆₋₁₄ aryl group, an optionally substituted heterocyclic group or an optionally substituted C₁₋₆ alkyl group, or R¹ and R² are bonded to each other to form a ring together with the carbon atom they are bonded to,

E is -W¹-N(R⁵)-W²-, -W¹-CH(R⁶)-O-W²-, -W¹-O-CH(R⁶)-W²-, -W¹-S(O)n-W²- or -W¹-CH(R⁶)-W²- (W¹ and W² are the same or different and each is a bond or an optionally substituted C₁₋₃ alkylene group, R⁵ and R⁶ are each an optionally substituted heterocyclic group or an optionally substituted hydrocarbon group, and n is 1 or 2, provided that when X is S, then R⁵ and R⁶ are not C₁₋₆ alkyl groups),

ring S¹ is a benzene ring or pyridine ring each optionally further having substituent(s) selected from an optionally substituted C₁₋₆ alkyl group, an optionally substituted C₁₋₆ alkoxy group and a halogen atom,

R³ and R⁴ are the same or different and each is a hydrogen atom, a halogen atom, an optionally substituted C₁₋₆ alkyl group or an optionally substituted C₁₋₆ alkoxy group,

R⁹ and R¹⁰ are the same or different and each is a hydrogen atom, a halogen atom or a C₁₋₆ alkoxy group, and

R is an optionally substituted hydroxy group or an optionally substituted amino group, or a salt thereof.

2. (Original) The compound of claim 1, wherein E is -W¹-N(R⁵)-W²-, -W¹-CH(R⁶)-O-W²-, -W¹-O-CH(R⁶)-W²- or -W¹-CH(R⁶)-W²- (W¹ and W² are the same or different and each is a bond or an optionally substituted C₁₋₃ alkylene group, and R⁵ and R⁶ are each an

optionally substituted heterocyclic group or an optionally substituted hydrocarbon group, provided that when X is S, then R⁵ and R⁶ are not C₁₋₆ alkyl groups),

ring S¹ is a benzene ring optionally further having substituent(s) selected from an optionally substituted C₁₋₆ alkyl group, an optionally substituted C₁₋₆ alkoxy group and a halogen atom, and

R⁹ and R¹⁰ are hydrogen atoms,

or a salt thereof.

3. (Original) A prodrug of a compound of claim 1 or a salt thereof.

4. (Original) The compound of claim 1, wherein R³ and R⁴ are the same or different and each is a hydrogen atom or a halogen atom, or a salt thereof.

5. (Original) The compound of claim 1, wherein E is -W¹-N(R⁵)-W²- (W¹ and W² are the same or different and each is a bond or an optionally substituted C₁₋₃ alkylene group, and R⁵ is an optionally substituted heterocyclic group or an optionally substituted hydrocarbon group, provided that when X is S, then R⁵ is not a C₁₋₆ alkyl group), or a salt thereof.

6. (Original) The compound of claim 5, wherein R⁵ is an optionally substituted C₇₋₁₆ aralkyl group, or a salt thereof.

7. (Original) The compound of claim 1, wherein R is a hydroxy group, or a salt thereof.

8. (Original) The compound of claim 1, wherein X is S, or a salt thereof.

9. (Original) The compound of claim 1, wherein ring S¹ is a benzene ring, or a salt thereof.

10. (Original) The compound of claim 1, wherein both R⁹ and R¹⁰ are hydrogen atoms, or a salt thereof.

11. (Original) 3-[4-[[4-[(2-Phenylethyl)(4-phenyl-1,3-thiazol-2-yl)amino]methyl]benzyl]oxy]phenyl]propanoic acid, 3-[2,6-difluoro-4-[[4-[(2-phenylethyl)(4-phenyl-1,3-thiazol-2-yl)amino]methyl]benzyl]oxy]phenyl]propanoic acid, 2-fluoro-3-{4-[(4-[(2-phenylethyl)(4-phenyl-1,3-thiazol-2-yl)amino]methyl)benzyl]oxy}phenyl}propanoic acid, 3-{2-fluoro-4-[(4-{1-[(4-phenyl-1,3-thiazol-2-yl)sulfonyl]butyl}benzyl)oxy]phenyl}propanoic acid, or a salt thereof.

12. (Original) A GPR40 receptor function modulator comprising a compound of claim 1 or a salt thereof or a prodrug thereof.

13. (Original) A pharmaceutical agent comprising a compound of claim 1 or a salt thereof or a prodrug thereof.

14. (Original) The pharmaceutical agent of claim 13, which is an agent for the prophylaxis or treatment of diabetes.

15-16. (Cancelled)

17. (Original) A method of modulating GPR40 receptor function in a mammal, which comprises administering an effective amount of a compound of claim 1 or a salt thereof or a prodrug thereof to the mammal.

18. (Original) A method for the prophylaxis or treatment of diabetes in a mammal, which comprises administering an effective amount of a compound of claim 1 or a salt thereof or a prodrug thereof to the mammal.